



DEPARTMENT OF MANAGEMENT AND BUDGET

FAIRFAX COUNTY ECONOMIC INDICATORS ©

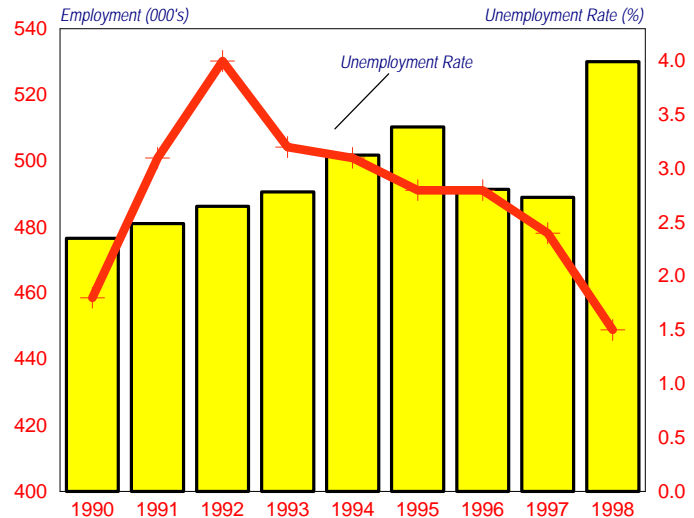
Publication 75

JULY 1998

JULY HIGHLIGHTS

- ❑ The County's unemployment rate increased 0.2 points to 1.5 percent, reversing the declining trend of the past few months, according to data reported by the Virginia Employment Commission.
- ❑ Although Fairfax County Sales Tax receipts in July, representing retail sales in May, experienced a modest gain of 1.3 percent, cumulative Sales Tax receipts for FY 1998 topped that of FY 1997 by 6.9 percent. This compares to growth of 5.6 percent in FY 1997.
- ❑ Issues of new residential dwelling permits posted significant gains in June, resulting in a cumulative lead over last year of 50.5 percent.
- ❑ In May, as in prior months, the volume of existing homes sold increased significantly, while the median selling prices of existing homes sold in the County remained relatively flat compared to 1997.
- ❑ The sales volume of new single family homes and condominiums continue to weaken, while that of new townhomes is essentially flat.
- ❑ Based on sales data through May, the median selling prices of new single family homes and condominiums are down, while the median selling price of new townhomes is up modestly.
- ❑ Despite the fact that both the Fairfax County Coincident Index and the Leading Index declined in May, the local economy continues to track a positive overall trend.

RESIDENTIAL EMPLOYMENT- MAY



Source: Virginia Employment Commission
Compiled by the Fairfax County Dept. of Management and Budget

County's unemployment rate increased to 1.5 percent in May...

The County's unemployment rate rose slightly in May, increasing 0.2 points to 1.5 percent from the 1.3 percent registered in April, according to the Virginia Employment Commission (VEC). Although the unemployment rate increased from the previous month, this rate is still below that of one year ago, when the unemployment rate was 2.4 percent.

Commonwealth's unemployment rate rose also in May...

The Commonwealth's unemployment rate also increased slightly in May, rising 0.4 points to 3.0 percent from the 2.6 percent experienced in April. Again, this rate is significantly below that of the prior year for the same period, when the state's unemployment rate was 4.1 percent. Nationally, the unemployment rate remained at 4.3 percent.

Low unemployment on all levels, while an indicator of a strong economy, constrains businesses by making it difficult to obtain qualified personnel. The sustained low unemployment rate may also restrict future economic growth as the productivity of companies, particularly in the high tech industry, is limited by personnel vacancies.

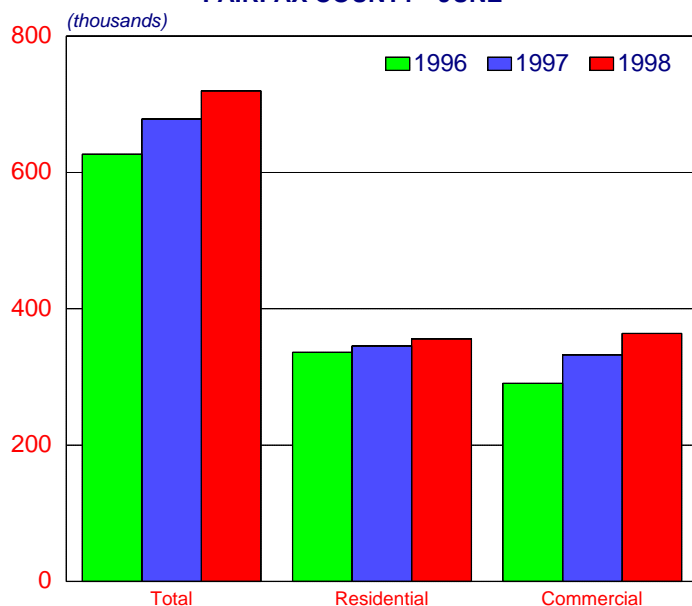
In the meantime, however, states are reaping the benefits associated with having an almost fully employed labor force. The Commonwealth of Virginia, for example, reported a tax surplus of \$175 million, citing a "robust state economy and a bullish stock market." Virginia Secretary of Finance, Ronald L. Tillett, stated that the May unemployment rate of 3.0 percent was the lowest for that month in 29 years, and that 16,000 more jobs than projected were created in 1997, increasing state income tax revenues from employer payroll withholdings. In fact, as reported by analysts at Crestar Bank, 96,000 jobs were created in the last 12 months.

The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

<http://www.co.fairfax.va.us/comm/economic/economic.htm>



BELL ATLANTIC TELEPHONE LINES FAIRFAX COUNTY - JUNE



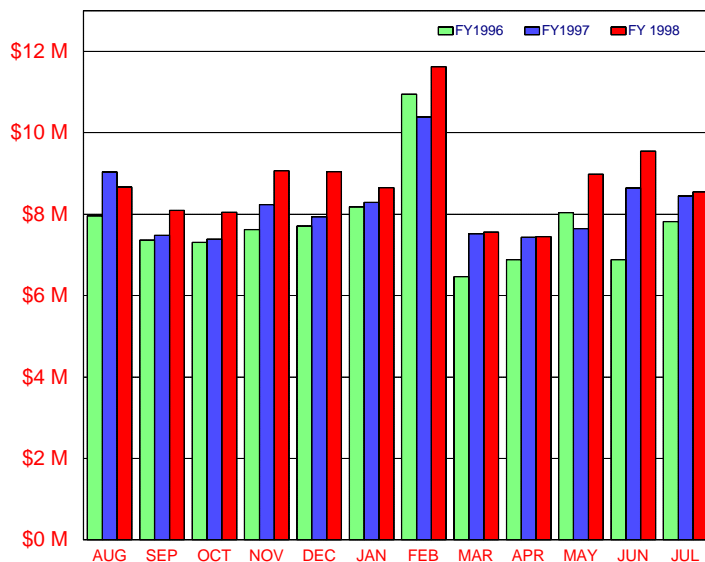
Source: Bell Atlantic
Compiled by the Fairfax County Dept. of Management and Budget

Growth in total business lines continues to moderate...

As of June 30, 1998, Bell Atlantic, the primary provider of local telephone service in Fairfax County, maintained 719,895 telephone lines, up 41,724 lines, or 6.2 percent, over June 1997. The business sector added 31,311 telephone lines over the past 12 months for a total of 363,810 lines. This increase reflects a growth rate of 9.4 percent. Although this rate is still significant, it is the lowest rate in the three and a half years for which data are available. Residential telephone lines totaled 356,085 in June 1998, an increase of 10,413 lines, or 3.0 percent, over June 1997. The rate of growth in residential lines has ranged between 2.8 percent and 3.1 percent for the past 12 months, and is slightly ahead of the previous two years' increases.

SALES TAX REVENUES

(revenues represent retail sales two months prior)

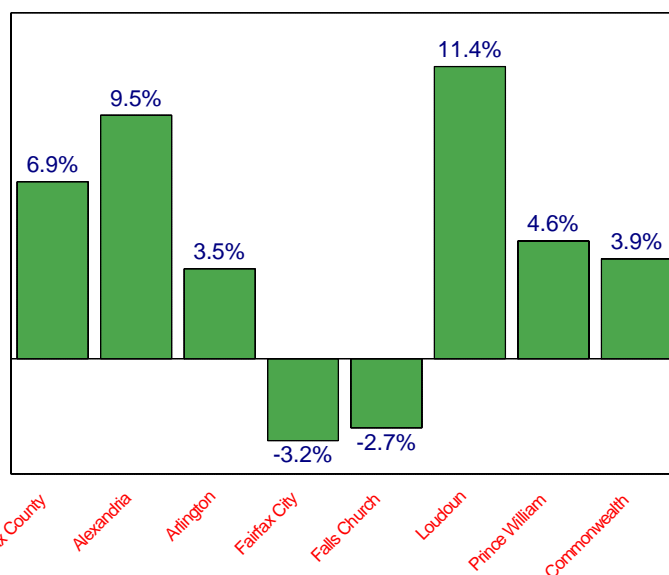


Source: Virginia Department of Taxation
Compiled by the Fairfax County Dept. of Management and Budget

FY 1998 Sales Tax receipts top FY 1997 by 6.9 percent, the highest rate of growth since FY 1995...

Fairfax County's July Sales Tax receipts, representing retail purchases made in May, were \$8.6 million, up a modest 1.3 percent over the same period last year. FY 1998 Sales Tax receipts total \$105.3 million and top the prior fiscal year by a 6.9 percent margin. This is the highest rate of growth since FY 1995.

FY 1998 SALES TAX RECEIPTS



Source: Virginia Department of Taxation
Compiled by the Fairfax County Dept. of Management and Budget

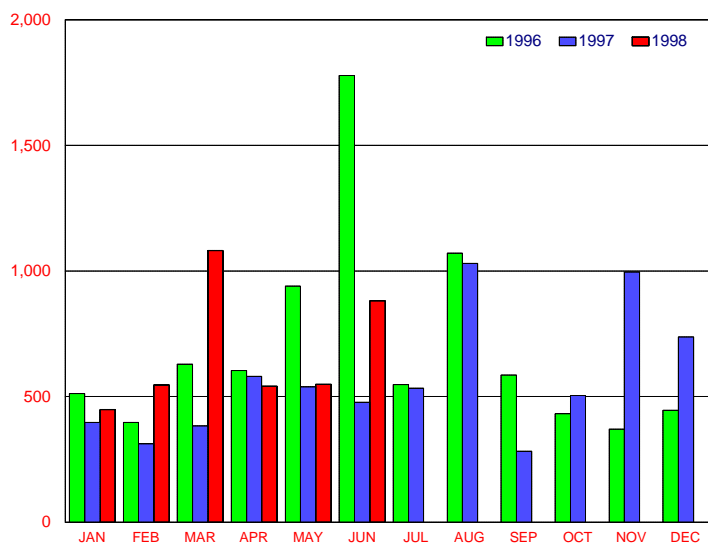
May sales of taxable retail goods up in four other Northern Virginia jurisdictions...

Relative to last year, May sales of taxable retail goods were up in four of six local jurisdictions and ranged from an increase of 12.5 percent in Alexandria to a decrease of 16.7 percent in Falls Church according to July Sales Tax receipts. FY 1998 Sales Tax collections are up 11.4 percent in Loudoun County, 9.5 percent in Alexandria, 4.6 percent in Prince William, and 3.5 percent in Arlington. However, cumulative fiscal year Sales Tax receipts in Falls Church and Fairfax City fell short in FY 1998 with decreases of 2.7 percent and 3.2 percent, respectively. Retail sales in the Commonwealth decreased by 3.6 percent in July, but ended FY 1998 positively with a lead of 3.9 percent.

May national retail sales increased...

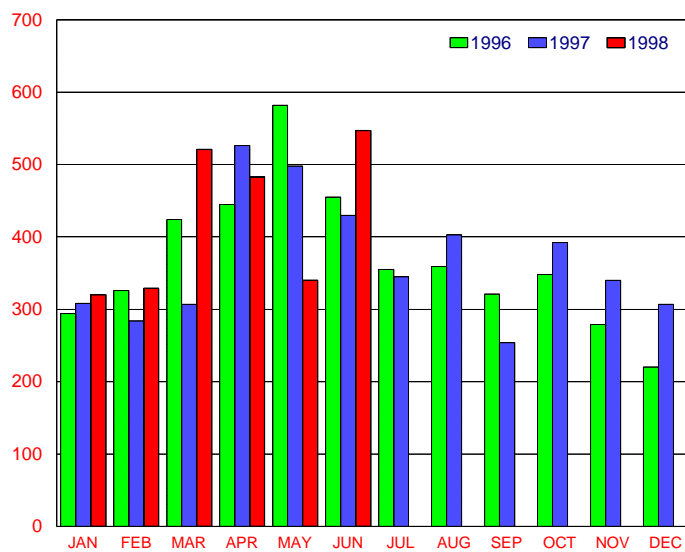
May national retail sales increased 5.2 percent over May 1997, according to the Commerce Department. Durable goods sales posted an advance of 8.0 percent, reflecting increases ranging from 8.0 percent to 8.9 percent in three of its four major components. In contrast, the non-durable goods category increased a more modest 3.2 percent, over the prior year with positive contributions made by five of its six major components. Only gasoline service stations posted a decline for this period relative to last year.

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW DWELLINGS



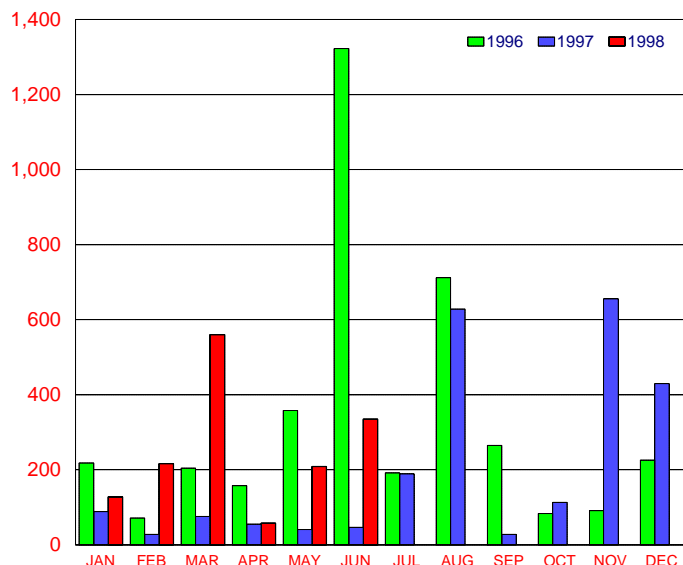
Source: Department of Environmental Management
Compiled by the Fairfax County Dept. of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW SINGLE FAMILY DWELLINGS



Source: Department of Environmental Management
Compiled by the Fairfax County Dept. of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW MULTIFAMILY DWELLING



Source: Department of Environmental Management
Compiled by the Fairfax County Dept. of Management and Budget

Issues of new residential dwelling permits increased significantly in June...

The issues of new residential dwelling permits increased a significant 84.9 percent, in June, as compared to the prior year. To date, 4,047 permits have been issued by the County, reflecting an increase of 50.5, or 1,358 permits over the same period in 1997. The number of permits issued for multifamily structures in June totaled 335, an increase of 612.8 percent. Comparatively, the total number of permits issued through June was 1,507, an increase of 348.5 percent, or 1,171 permits. In contrast, permit issues for single family structures totaled 2,540 through June, a more moderate increase of 8.0 percent, or 187 permits, relative to last year.

Number of residential repair and alteration permit issues increased in June...

The number of residential repair and alteration permits issued in June increased by 8.9 percent, or 126 permits. Despite June's increase, the number of residential repair and alteration permits issued to date totaled 7,197, a moderate decrease of 3.4 percent, or 250 permits, as compared to the prior year.

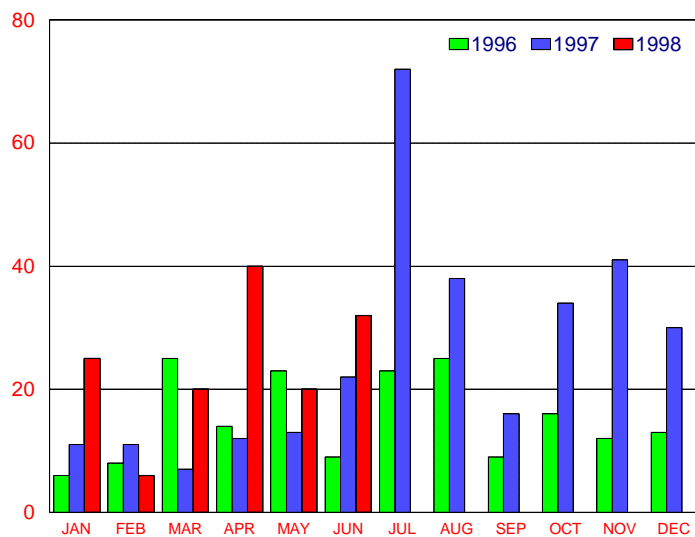
Housing starts up nationally through June...

Nationally, through June, new privately-owned housing starts were up 7.8 percent relative to 1997, according to the Commerce Department. Regionally, housing starts were up in all four regions, with increases of 9.8 percent in the Northeast, 7.9 percent in the South, 7.7 percent in the Midwest, and 7.2 percent in the West.

Growth in number of residential building permits issued nationally positive in all four regions...

The Commerce Department also reported that the number of residential building permits issued nationwide through June increased 9.9 percent over 1997 and was positive in all four regions. Specifically, residential building permit issues were up 12.3 percent in the West, 11.8 percent in the South, 5.7 percent in the Midwest, and 4.5 percent in the Northeast.

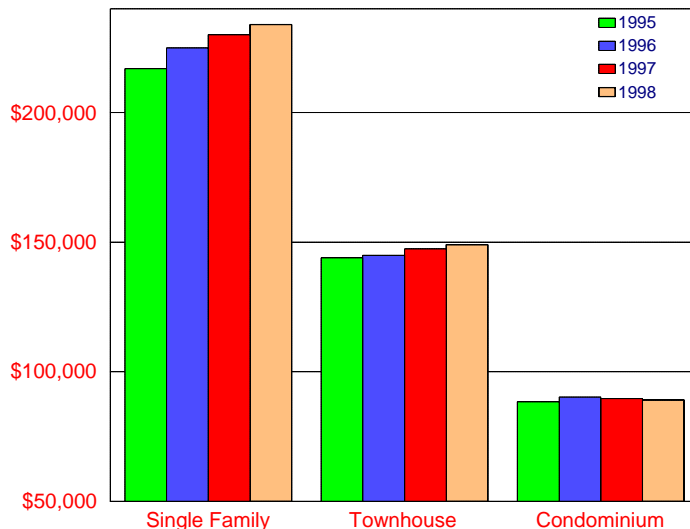
NUMBER OF NONRESIDENTIAL BUILDING PERMITS NEW STRUCTURES



Source: Department of Environmental Management
Compiled by the Fairfax County Dept. of Management and Budget

HOME SALES IN FAIRFAX COUNTY

MEDIAN PRICE OF EXISTING HOMES SOLD JANUARY- MAY 1998 COMPARED TO ANNUAL MEDIAN PRICES 1995 - 1997



Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

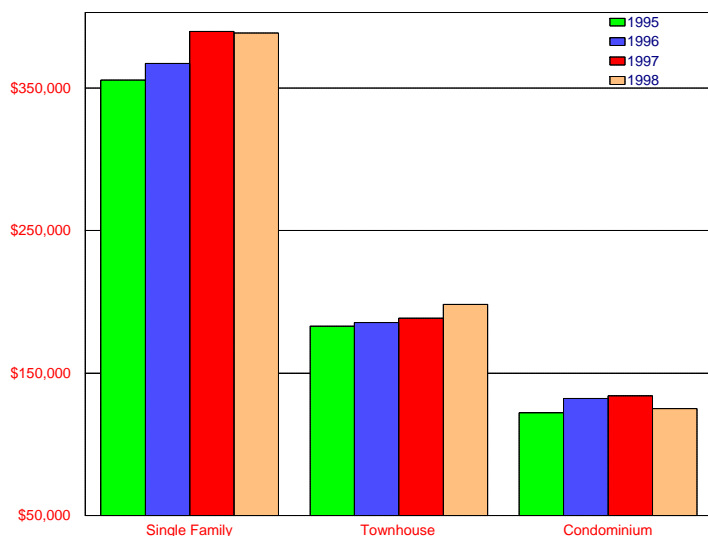
Total number of nonresidential building permits issued through June by the County up 88.2 percent...

The number of nonresidential building permits issued in June by the County increased by ten permits, or 45.5 percent, relative to last year. As a result, the number of nonresidential permits issued through June totals 143 and represents an increase of 88.2 percent, or 67 additional permits, as compared to last year. Conversely, issues of nonresidential repair and alteration permits through June remained essentially flat, declining a slight 0.1 percent, or two permits compared to last year.

Median selling prices of all types of existing homes essentially flat...

Based on sales data through May, the median selling prices of existing homes, in all categories, are essentially flat. To date, the median selling price of existing single family homes sold through May is \$234,000, an increase of only \$4,000, or 1.7 percent, over 1997's median selling price of \$230,000. The median selling price of existing townhomes has also increased slightly, by \$1,500, or 1.0 percent, to \$149,000, over the level of \$147,500 achieved in 1997. In contrast, the median selling price of existing condominiums through May continues to reflect a modest decrease of \$425, or 0.5 percent, to \$89,200, compared with \$89,625 in 1997.

**MEDIAN PRICE OF NEW HOMES SOLD
JANUARY - MAY 1998 COMPARED
TO ANNUAL MEDIAN PRICES 1995 - 1997**

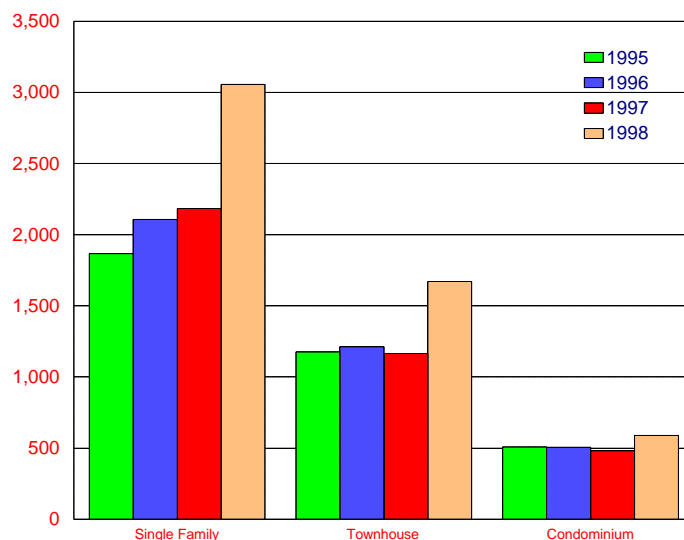


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Median selling prices of new single family homes and condominiums down...

Sales data through May indicate declines in the median selling price of new single family homes and condominiums, while the median sales price of new townhomes is up. The median selling price of new single family homes decreased a modest 0.3 percent through May, to \$388,710 from the \$389,747 established in 1997. Also, the median selling price for new condominiums through May was \$124,900, a decrease of 6.8 percent from the \$134,038 established in 1997. In contrast, the median selling price of new townhomes for this period in 1998 gained moderately, increasing 5.2 percent to \$198,193 over the \$188,481 established in 1997.

**NUMBER OF EXISTING HOMES SOLD
JANUARY - MAY**



Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Total sales volume of existing homes sold leads prior year through May...

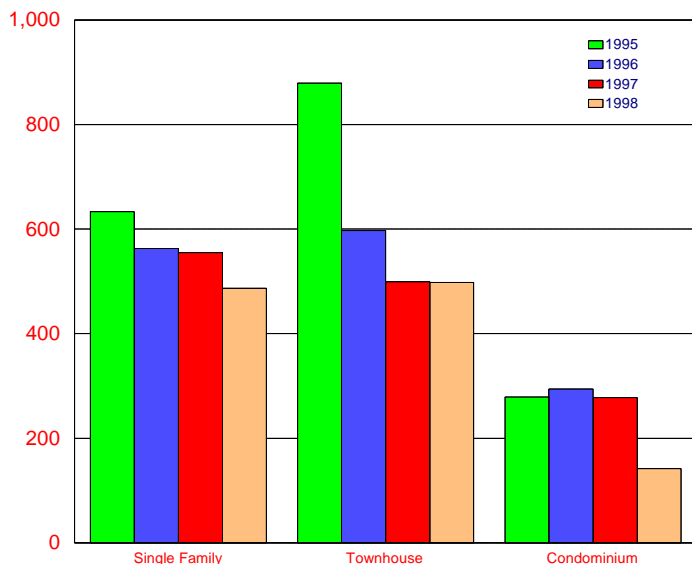
In May, a total of 1,490 existing homes of all types were sold, an increase of 383 units, or 34.6 percent, compared to May 1997. This increase in the sales volume of existing homes adds to the significant lead over last year. Through May, 3,056 existing single family homes were sold, up 40.0 percent, or 873 homes, over the level registered for the same time period in 1997. Sales of existing townhomes totaled 1,671 units through May, up 43.6 percent, or 507 homes, relative to 1997. For this same period, 590 condominiums were sold, an increase of 22.7 percent, or 109 units, relative to last year.

**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD
JANUARY - MAY 1998 COMPARED TO 1997 ANNUAL**

	Existing Sales	New Sales
Single Family	1.7	-0.3
Townhouse	1.0	5.2
Condominium	-0.5	-6.8

Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

NUMBER OF NEW HOMES SOLD JANUARY - MAY



Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Total sales volume of all types of new homes continues to weaken...

In stark contrast to the existing home market, the sales volumes of all types of new homes decreased 34.7 percent in May, reflecting

declines in all categories and extending the negative trend to another month. New condominium sales totaled 142 through May, down 48.9 percent, or 136 units, relative to 1997 for the same period. The number of new single family homes sales also declined once again, dipping 12.3 percent, or 68 homes, relative to same period last year. New townhome sales through May, on the other hand, remained almost flat, decreasing a slight 0.2 percent, or one unit, as compared to same period last year.

Volume of new homes sold up nationally through May...

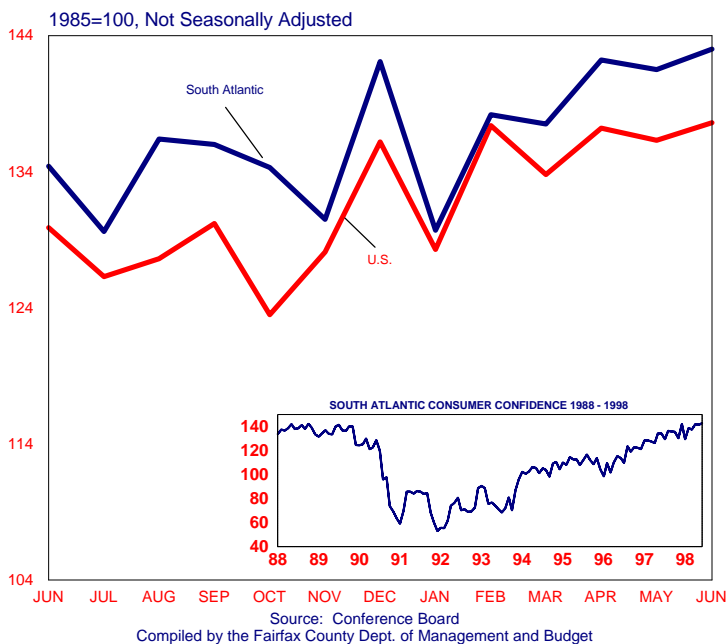
National sales of new homes through May grew by 8.8 percent over the same period in 1997,

with the volume of sales varying considerably by region. Specifically, new home sales continue to be up significantly in the Midwest, increasing 23.7 percent, while sales in the West and South reflect more modest advances of 10.5 percent and 6.3 percent, respectively. New home sales in the Northeast, however, continue to reflect declines, with a decrease of 5.3 percent through May, relative to 1997.

As reported in a recent article of *The Washington Post*, the Washington Metropolitan area leads the nation in the rate of housing growth. The housing stock in this region grew about 35 percent faster than the growth of population, with 330,000 building permits issued in the 1990's, as reported by the U.S. Census Bureau. Although, the larger, inner counties such as Fairfax and Prince George issued a greater number of new permits, border counties such as Loudoun, Prince William and Calvert counties had greater percentage increases in housing construction. Some builders state that this factor is directly related to the continuing strong economy and employment growth in the region, particularly in Northern Virginia. Other analysts, however, including Stephen Fuller, contend that this region may be on the verge of being over built, as there is a constant influx of new construction in the area, which causes housing stock to lose value.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDICES



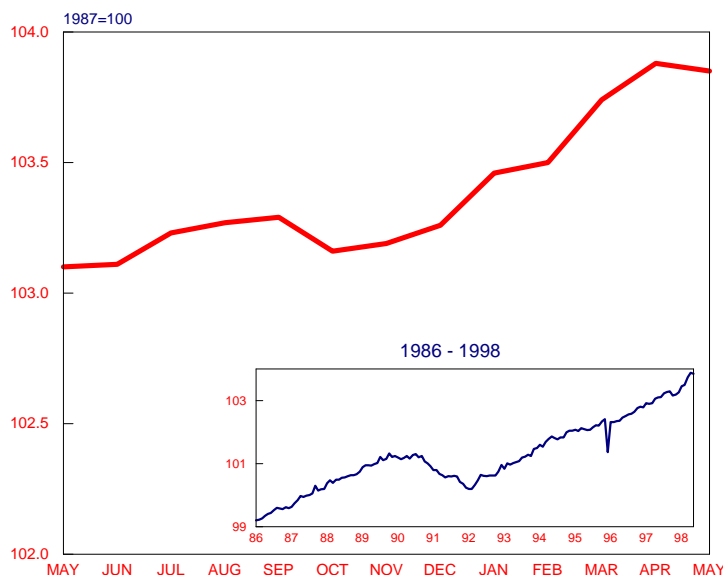
South Atlantic Consumer Confidence Index increased slightly in June ...

The Conference Board's South Atlantic Consumer Confidence Index increased again in June, gaining 1.5 points to 143.0, as

reported by the Conference Board. The national Consumer Confidence Index, which declined modestly in May, increased 1.3 points to 137.6 in June. Analysts at the Conference Board report that there are no signs of the Index weakening in the near future. Despite uncertain international factors, confidence readings have improved compared to last year, as the job market continues to be a major factor in bolstering consumers' outlook.

The following section includes a discussion of economic indices for three different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices which consider the Washington Metropolitan economy and the Virginia Indices which focus on the entire Commonwealth. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses. Note that the Metropolitan Indices were not available at the time of publication.

FAIRFAX COUNTY COINCIDENT INDEX



Sources: Center for Regional Analysis, George Mason University
Fairfax County Dept. of Management and Budget

Crestar Bank's Virginia Coincident Index declined also...

Crestar Bank's Virginia Coincident Index lost 0.21 points, decreasing to 155.4 in May, from the 155.6 registered in April. Over the past

12 months, the Index gained 4.9 points, the lowest 12-month gain in the State since September 1997, as reported by analysts at Crestar Bank. Four of the Index's six components made negative contributions in May, including manufacturing employment, real average hourly wages, real taxable retail sales, and real bank deposits. Both electricity consumption and total non-farm employment made positive gains, with electricity consumption posting the strongest advance.



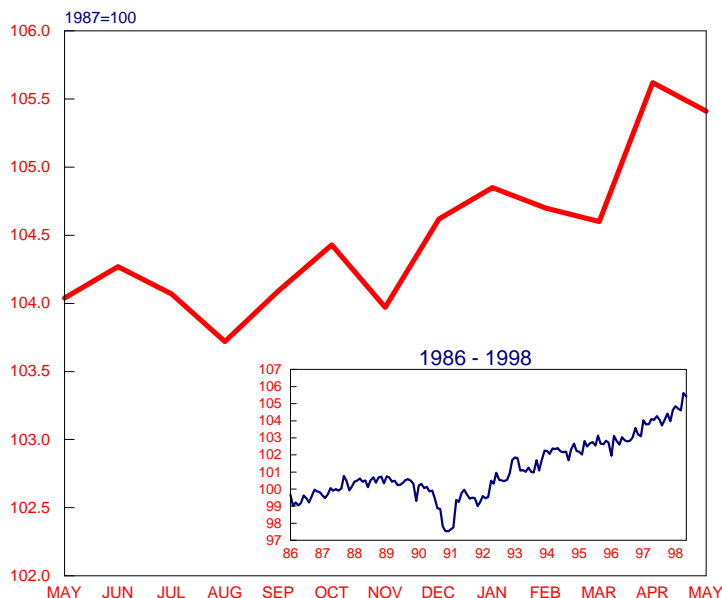
The Fairfax County Coincident Index declined slightly in May...

The Fairfax County Coincident Index, which represents the current state of the County's economy, decreased to 103.85, declining by

0.03 points in May. Three of the Index's four components made positive contributions, including total employment, which advanced for the eighth consecutive month; Transient Occupancy Tax collections, which rose for the seventh straight month; and consumer confidence, which increased for the fourth time in the last five months. However, Sales Tax, adjusted for inflation and seasonal variation, posted significant declines for this period, outweighing the positive contributions of the other three components.



FAIRFAX COUNTY LEADING INDEX



Sources: Center for Regional Analysis, George Mason University
Fairfax County Dept. of Management and Budget

The Virginia Leading Index rose for the ninth consecutive month...

The Virginia Leading Index, produced by Crestar Bank, rose for the ninth consecutive month, but the smaller gain suggests that economy may be slowing down. The Index's gain in May was the smallest advance posted in nine months, with a minor increase of 0.01 percent and remains at 166.7 points. Six of the Index's nine components made negative contributions while one remained flat and the other two made modest advances. Average weekly hours in manufacturing, new business starts, new auto registrations, residential building permit issues, newspaper ad lineage and Virginia stock value all decreased in May, while the U.S. Leading Index remained constant. Initial unemployment claims made a positive contribution, along with real nonresidential building contracts.



County's Leading Index declined three out of the first five months of 1998...

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in the future, also declined in May, decreasing 0.21 points to 105.41. Although the Index has reflected declines in three out of the first five months in 1998, a slightly positive trend is still evident. The decline in May was due to sharp drops in two of the Index's five components. New automobile registrations decreased in May, and have now declined in four of the past five months, and the mean value of residential building permits dropped. In contrast, initial claims for unemployment insurance decreased (improved) for a second month in a row; South Atlantic consumer expectations (consumer confidence six months hence) posted a significant gain, reaching an all-time peak; and the number of residential building permits issued by the County increased slightly following April's sharp decline.



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